METHODE ELECTRONICS INC
Form 10-K
June 20, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended April 27, 2013
Commission File Number 0-2816
METHODE ELECTRONICS, INC.
(Exact name of Registrant as specified in its charter)

Delaware	36-2090085
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
7401 West Wilson Avenue	
Chicago, Illinois	60706-4548
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number (including area code): (708) 867-6777
Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of each exchange on which registered
Common Stock, $0.50 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of Class)
Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

The aggregate market value of common stock, $0.50 par value, held by non-affiliates of the Registrant on October 27, 2012, based upon the average of the closing bid and asked prices on that date as reported by the New York Stock Exchange was $354.7 million.

Registrant had 37,117,890 shares of common stock, $0.50 par value, outstanding as of June 18, 2013.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual shareholders meeting to be held September 12, 2013 are incorporated by reference into Part III of this Form 10-K.

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PART I

Item 1. Business

Methode Electronics, Inc. was incorporated in 1946 as an Illinois corporation and reincorporated in Delaware in 1966. As used herein, “we,” “us,” “our,” the “Company” or “Methode” mean Methode Electronics, Inc. and its subsidiaries.

We are a global manufacturer of component and subsystem devices with manufacturing, design and testing facilities in China, Egypt, Germany, India, Italy, Lebanon, Malta, Mexico, the Philippines, Singapore, Switzerland, the United Kingdom and the United States. We design, manufacture and market devices employing electrical, radio remote control, electronic, wireless and sensing technologies. Our components are found in the primary end markets of the aerospace, appliance, automotive, construction, consumer and industrial equipment, communications (including information processing and storage, networking equipment, wireless and terrestrial voice/data systems), rail and other transportation industries.

We maintain our financial records on the basis of a fifty-two or fifty-three week fiscal year ending on the Saturday closest to April 30.

Segments. Our business is managed and our financial results are reported on a segment basis, with those segments being Automotive, Interconnect, Power Products and Other.

The Automotive segment supplies electronic and electro-mechanical devices and related products to automobile original equipment manufacturers ("OEMs"), either directly or through their tiered suppliers. Our products include control switches for electrical power and signals, connectors for electrical devices, integrated control components, switches and sensors that monitor the operation or status of a component or system, and packaging of electrical components.

The Interconnect segment provides a variety of copper and fiber-optic interconnect and interface solutions for the aerospace, appliance, commercial, computer, construction, consumer, material handling, medical, military, mining, networking, storage, and telecommunications markets. Solutions include conductive polymers, connectors, custom cable assemblies, industrial safety radio remote controls, optical and copper transceivers, personal computer and express card packaging and terminators, solid-state field effect interface panels, and thick film inks. Services include the design and installation of fiber optic and copper infrastructure systems, and manufacturing active and passive optical components.

The Power Products segment manufactures braided flexible cables, current-carrying laminated bus devices, custom power-product assemblies, high-current low voltage flexible power cabling systems and powder coated bus bars that are used in various markets and applications, including aerospace, computers, industrial and power conversion, inverters and battery systems, insulated gate bipolar transistor solutions, military, telecommunications, and transportation.

The Other segment includes a designer and manufacturer of magnetic torque sensing products, and independent laboratories that provide services for qualification testing and certification, and analysis of electronic and optical components.

Financial results by segment are summarized in Note 12 to our consolidated financial statements.

Sales. The following table reflects the percentage of net sales of the segments of the Company for the last three fiscal years.

	Year Ended April 27, 2013	April 28, 2012	April 30, 2011
Automotive	59.7 %	58.0 %	52.8 %
Interconnect	27.0 %	27.7 %	32.4 %
Power Products	10.1 %	11.3 %	11.8 %
Other	3.2 %	3.0 %	3.0 %

Our sales activities are directed by sales managers who are supported by field application engineers and other engineering personnel who work with customers to design our products into their systems. Our field application engineers also help us identify emerging markets and new products. Our products are sold through in-house sales staff and through independent manufacturers’ representatives with offices throughout the world. Information about our sales and operations in

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different geographic regions is summarized in Note 12 to our consolidated financial statements. Sales are made primarily to OEMs, either directly or through their tiered suppliers as well as selling partners and distributors.

Sources and Availability of Materials. The principal materials that we purchase include application-specific integrated circuits, coil and bar stock, ferrous and copper alloy sheets, glass, light-emitting diode ("LED") displays, plastic molding materials, precious metals, and silicon die castings. All of these items are available from several suppliers and we generally rely on more than one supplier for each item. We normally do not carry inventories of raw materials or finished products in excess of those reasonably required to meet production and shipping schedules. We did not experience any significant price increases in fiscal 2013. We experienced price increases on some resins as well as silver in fiscal 2012. In fiscal 2011, we experienced some shortages for specific electrical components. Additionally in fiscal 2011, we experienced significant price increases for copper, precious metals and petroleum-based raw materials.

Patents; Licensing Agreements. We have numerous United States and foreign patents and license agreements covering certain of our products and manufacturing processes, several of which are considered significant to our business. Our ability to compete effectively with other companies depends, in part, on our ability to maintain the proprietary nature of our technology. Although we have been awarded, have filed applications for, or have been licensed under numerous patents in the United States and other countries, there can be no assurance concerning the degree of protection afforded by these patents or the likelihood that pending patents will be issued.

Seasonality. A significant portion of our business is dependent on automotive sales and the vehicle production schedules of our customers. The automotive market is cyclical and depends on general economic conditions, interest rates, fuel prices and consumer spending patterns.

Material Customers. During the fiscal year ended April 27, 2013, shipments to Ford Motor Company (“Ford”) and General Motors Corporation (“GM”), or their tiered suppliers, represented 19.9% and 16.7%, respectively, of consolidated net sales. Such shipments included a wide variety of our automotive component products.

Backlog. Our backlog of orders was approximately $154.6 million at April 27, 2013, and $87.9 million at April 28, 2012. We expect that most of the backlog at April 27, 2013 will be shipped within fiscal 2014.

Competitive Conditions. The markets in which we operate are highly competitive and characterized by rapid changes due to technological improvements and developments. We compete with a large number of other manufacturers in each of our product areas; many of these competitors have greater resources and sales. Price, service and product performance are significant elements of competition in the sale of our products.

Research and Development. We maintain a research and development program involving a number of professional employees who devote a majority of their time to the enhancement of existing products and to the development of new products and processes. Senior management of our Company participates directly in the program. Expenditures for such activities amounted to $23.7 million, $20.4 million and $19.5 million for fiscal 2013, 2012 and 2011, respectively.

Environmental Matters. Compliance with foreign, federal, state and local provisions regulating the discharge of materials into the environment has not materially affected our capital expenditures, earnings or our competitive position. Currently, we do not have any environmental related lawsuits or material administrative proceedings pending against us. Further information as to environmental matters affecting us is presented in Note 8 to our consolidated financial statements.

Employees. At April 27, 2013 and April 28, 2012, we had 3,960 and 3,143 employees, respectively. We also from time to time employ part-time employees and hire independent contractors. As of April 27, 2013, our employees from our Malta and Mexico facilities, which account for approximately 68% of our total number of employees, are represented by collective bargaining agreements. We have never experienced a work stoppage and we believe that our employee relations are good.

Segment Information and Foreign Sales. Information about our operations by segment and in different geographic regions is summarized in Note 12 to our consolidated financial statements.

Available Information. We are subject to the informational requirements of the Securities Exchange Act of 1934 ("Exchange Act") and file periodic reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). Such reports may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549, or by calling the SEC at (800) SEC-0330. In addition, the SEC maintains an internet site(www.sec.gov) that contains periodic reports, proxy and information statements and other information regarding Methode.

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Financial and other information can also be accessed on the investor relations section of our website at www.methode.com. We make available, free of charge, copies of our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. Also posted on our website are the Company's Corporate Governance Guidelines, Code of Conduct and the charters of the Audit Committee, Compensation Committee, Nominating and Governance Committee and Technology Committee. Copies of these documents are also available free of charge by sending a request to Methode Electronics, Inc., 7401 West Wilson Avenue, Chicago, Illinois 60706, Attention: Investor Relations Department. Information on our website is not incorporated into this Form 10-K or our other securities filings and is not a part of them.

Certifications. As required by the rules and regulations of the New York Stock Exchange ("NYSE"), we delivered to the NYSE a certification signed by our Chief Executive Officer, Donald W. Duda, certifying that Mr. Duda was not aware of any violation by the Company of the NYSE's corporate governance listing standards as of September 26, 2012.

As required by the rules and regulations of the SEC, the Sarbanes-Oxley Act Section 302 certifications regarding the quality of our public disclosures are filed as exhibits to this annual report on Form 10-K.

Item 1A. Risk Factors

Certain statements in this report are forward-looking statements that are subject to certain risks and uncertainties. We undertake no duty to update any such forward-looking statements to conform to actual results or changes in our expectations. Our business is highly dependent upon two large automotive customers and specific makes and models of automobiles. Our results will be subject to many of the same risks that apply to the automotive, appliance, computer and communications industries, such as general economic conditions, interest rate fluctuations, consumer spending patterns and technological changes. Other factors which may result in materially different results for future periods include the following risk factors. Additional risks and uncertainties not presently known or that our management currently believe to be insignificant may also adversely affect our financial condition or results of operations. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this report because these factors could cause our actual results and condition to differ materially from those projected in forward-looking statements. The forward-looking statements in this report are subject to the safe harbor protection provided under the securities laws and are made as of the date of this report.

Our business is highly dependent on two large automotive customers. If we were to lose either of these customers or experienced a significant decline in the volume or price of products purchased by these customers, or if either of the customers declare bankruptcy, our future results could be adversely affected.

During the year ended April 27, 2013, shipments to Ford and GM, or their tiered suppliers, represented 19.9% and 16.7%, respectively, of our consolidated net sales. The contracts we have entered into with these customers provide for supplying the customers' requirements for particular models, rather than for manufacturing a specific quantity of products. Such contracts range from one year to the life of the model, which is generally three to seven years. Therefore, the loss of a Ford or GM contract for a model or a significant decrease in demand for one or more of these models could have a material adverse impact on our results of operations and financial condition. We also compete to supply products for successor models and are subject to the risk that Ford or GM will not select us to produce products on any such model, which could have a material adverse impact on our results of operations and financial condition.

Because we derive a substantial portion of our revenues from customers in the automotive, appliance, computer and communications industries, we are susceptible to trends and factors affecting those industries.

Our components are found in the primary end markets of the automotive, communications (including information processing and storage, networking equipment, wireless and terrestrial voice/data systems), aerospace, rail and other transportation industries, appliances and the consumer and industrial equipment markets. Factors negatively affecting these industries also negatively affect our business, financial condition and operating results. Any adverse occurrence, including additional industry slowdown, recession, rising interest rates, political instability, costly or constraining regulations, armed hostilities, terrorism, excessive inflation, prolonged disruptions in one or more of our customers' production schedules or labor disturbances, that results in significant decline in the volume of sales in these industries, or in an overall downturn in the business and operations of our customers in these industries, could materially adversely affect our business, financial condition and operating results.

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We face risks relating to our international operations, particularly in Europe.

Recently, there has been global concern over the overall macroeconomic environment in Europe, the currency exchange rate fluctuations between the euro and the U.S. dollar, the banking system in the European Economic Community, the ability of European consumers to access credit to finance automobile purchases and the ability of the European Central Bank to provide enough liquidity and backing to countries experiencing sovereign debt issues, such as Greece, Italy and Spain. Any or all of these factors could negatively impact our European operations.

In addition, because approximately 50% of our sales come from our international operations, our operating results and financial condition could be adversely affected by economic, political, health, regulatory and other factors existing in foreign countries in which we operate. Our international operations are subject to inherent risks, which may adversely affect us, including: fluctuations in exchange rates; political and economic instability; expropriation, or the imposition of government controls; changes in government regulations; export license requirements; trade restrictions; earnings expatriation restrictions; exposure to different legal standards; less favorable intellectual property laws; health conditions and standards; currency controls; increases in duties and taxes; high levels of inflation or deflation; greater difficulty in collecting our accounts receivable and longer payment cycles; changes in labor conditions and difficulties in staffing and managing our international operations; limitations on insurance coverage against geopolitical risks, natural disasters and business operations; and communication among and management of international operations. In addition, these same factors may also place us at a competitive disadvantage to some of our foreign competitors.

Our inability to effectively manage the timing, quality and cost of new program launches could adversely affect our financial performance
In connection with the award of new business, we obligate ourselves to deliver new products and services that are subject to our customers' timing, performance and quality. Additionally, we must effectively coordinate the activities of numerous suppliers in order for the program launches of our products to be successful. Given the complexity of new program launches, we may experience difficulties managing product quality, timeliness and associated costs. In addition, new program launches require a significant ramp up of costs; however, our sales related to these new programs generally are dependent upon the timing and success of our customers' introduction of new vehicles. Our inability to effectively manage the timing, quality and costs of these new program launches could adversely affect our financial condition, operating results and cash flows.

Products we manufacture may contain design or manufacturing defects that could result in reduced demand for our products or services and liability claims against us.

Despite our quality control and quality assurance efforts, defects may occur in the products we manufacture due to a variety of factors, including design or manufacturing errors or component failure. Product defects may result in delayed shipments and reduced demand for our products. We may be subject to increased costs due to warranty claims on defective products. Product defects may result in product liability claims against us where defects cause, or are alleged to cause, property damage, bodily injury or death. We may be required to participate in a recall involving products that are, or are alleged to be, defective. We carry insurance for certain legal matters involving product liability, however, we do not have coverage for all costs related to product defects or recalls and the costs of such claims, including costs of defense and settlement, may exceed our available coverage.

Our technology-based business and the markets in which we operate are highly competitive. If we are unable to compete effectively, our sales could decline.

The markets in which we operate are highly competitive and characterized by rapid changes due to technological improvements and developments. We compete with a large number of other manufacturers in each of our product areas; many of these competitors have greater resources and sales. Price, service and product performance are significant elements of competition in the sale of our products. Competition may intensify further if more companies enter the markets in which we operate. Our failure to compete effectively could materially adversely affect our business, financial condition and operating results.

We are dependent on the availability and price of materials.

We require substantial amounts of materials, including petroleum-based products, glass, copper and precious metals, application-specific integrated circuits and light-emitting diode ("LED") displays, and all materials we require are purchased from third party sources. The availability and prices of materials may be subject to curtailment or change due to, among other

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things, new laws or regulations, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and worldwide price levels. Any change in the availability of, or price for, these materials could materially adversely affect our results of operations and financial condition. We did not experience any significant price increases for copper, precious metals and petroleum-based raw materials in fiscal 2013. We experienced price increases on some resins as well as silver in fiscal 2012. We experienced significant price increases in fiscal 2011 for copper, precious metals and petroleum-based raw materials and shortages for certain electrical components.

Disruption of our supply chain could have an adverse effect on our business, financial condition and results of operations.
Our ability, including manufacturing or distribution capabilities, and that of our suppliers, business partners and contract manufacturers, to make, move and sell products is critical to our success. Damage or disruption to our or their manufacturing or distribution capabilities due to weather, including any potential effects of climate change, natural disaster, fire or explosion, terrorism, pandemics, strikes, repairs or enhancements at our facilities, or other reasons, could impair our ability to manufacture or sell our products. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition and results of operations, as well as require additional resources to restore our supply chain.

Downturns in the automotive industry or the bankruptcy of certain automotive customers could reduce the sales and profitability of our business.

Currently, approximately 60% of our business is dependent on automotive sales and the vehicle production schedules of our customers. The automotive market is cyclical and depends on general economic conditions, interest rates and consumer spending patterns. Any significant reduction in vehicle production by our customers would have a material adverse effect on our business.

In addition, we have significant receivable balances related to these customers that would be at risk in the event of their bankruptcy. Prior to fiscal 2012, due to the financial stresses within the global economy, which directly affected the worldwide automotive industry, certain automakers and suppliers declared bankruptcy. In the event of the bankruptcy of any of our customers with significant receivable balances, our financial condition and operating results could be adversely affected.

We may be unable to keep pace with rapid technological changes, which could adversely affect our business.

The technologies relating to some of our products have undergone, and are continuing to undergo, rapid and significant changes. Specifically, end markets for electronic components and assemblies are characterized by technological change, frequent new product introductions and enhancements, changes in customer requirements and emerging industry standards. These changes could render our existing products unmarketable before we can recover any or all of our research, development and other expenses. Furthermore, the life cycles of our products vary, may change and are difficult to estimate. If we are unable, for technological or other reasons, to develop and market new products or product enhancements in a timely and cost-effective manner, our business, financial condition and operating results could be materially adversely affected.

If we are unable to protect our intellectual property or we infringe, or are alleged to infringe, on another person's intellectual property, our business, financial condition and operating results could be materially adversely affected.

We have numerous United States and foreign patents and license agreements covering certain of our products and manufacturing processes, several of which are considered significant to our business. Our ability to compete effectively with other companies depends, in part, on our ability to maintain the proprietary nature of our technology. Although we have been awarded, have filed applications for, or have been licensed under numerous patents in the United States and other countries, there can be no assurance concerning the degree of protection afforded by these patents or the likelihood that pending patents will be issued. The loss of any significant patents and trade secrets could adversely affect our sales, margins or profitability.

We have and may become involved in litigation in the future to protect our intellectual property or because others may allege that we infringe on their intellectual property. These claims and any resulting lawsuit could subject us to liability for damages and invalidate our intellectual property rights. If an infringement claim is successfully asserted by a holder of intellectual property rights, we may be required to cease marketing or selling certain products, pay a penalty for past infringement and spend significant time and money to develop a non-infringing product or process or to obtain licenses for the technology, process or information from the holder. We may not be successful in the development of a non-infringing alternative, or licenses may not be available on commercially acceptable terms, if at all, in which case we may lose sales and

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profits. In addition, any litigation could be lengthy and costly and could materially adversely affect us even if we are successful in the litigation.

We are subject to continuing pressure to lower our prices.

Over the past several years we have experienced, and we expect to continue to experience, pressure to lower our prices. In order to maintain our profitability, we must strive to increase volumes and reduce our costs. Continuing pressures to reduce our prices could have a material adverse effect on our financial condition, results of operations and cash flows.

We currently have a significant amount of our cash located outside the U.S.

We believe our current world-wide cash balances together with expected future cash flows to be generated from operations will be sufficient to support current operations. Due to the shifting of operations from the U.S. to foreign locations, a significant amount of cash and expected future cash flows are located outside of the U.S. No provision has been made for income taxes on undistributed net income of foreign operations, as we currently expect them to be indefinitely reinvested in our foreign operations. However, if we change our position and the cash is repatriated back to the U.S., it may have an adverse affect on our U.S. federal and state taxes, by lowering our net operating loss positions or potentially creating a tax liability.

We may be required to recognize impairment charges for our goodwill and indefinite-lived intangible assets.

As of April 27, 2013, the net carrying value of our goodwill and indefinite-lived intangible assets totaled approximately $14.7 million. During fiscal 2013, we recorded a goodwill impairment charge of $4.3 million for our Eetrex reporting unit in the Power Products segment. In accordance with generally accepted accounting principles, we periodically assess these assets to determine if they are impaired. Significant negative industry or economic trends, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets, divestitures and market capitalization declines may impair our goodwill and other intangible assets. Any charges relating to such impairments would adversely affect our results of operations in the periods recognized.

A significant fluctuation between the U.S. dollar and other currencies could adversely impact our operating results.

Although our financial results are reported in U.S. dollars, a significant portion of our sales and operating costs are realized in other currencies, mainly in Europe and China. Our profitability is affected by movements of the U.S. dollar against other currencies in which we generate revenue and incur expenses, particularly the euro and Chinese yuan. Significant fluctuations in relative currency values, in particular an increase in the value of the U.S. dollar against foreign currencies, could have an adverse effect on our profitability and financial condition.

We may acquire businesses or divest business operations. These transactions may pose significant risks and may materially adversely affect our business, financial condition and operating results.

We intend to explore opportunities to acquire other businesses or technologies that could complement, enhance or expand our current business or product lines or that might otherwise offer growth opportunities. Any transactions that we are able to identify and complete may involve a number of risks, including: the diversion of our management’s attention from our existing business to integrate the operations and personnel of the acquired or combined business or joint venture; possible adverse effects on our operating results during the integration process; and our possible inability to achieve the intended objectives of the transaction. In addition, we may not be able to successfully or profitably integrate, operate, maintain and manage our newly acquired operations or employees. We may not be able to maintain uniform standards, controls, procedures and policies, and this may lead to operational inefficiencies. In addition, future acquisitions may result in dilutive issuances of equity securities, a reduction of cash or the incurrence of debt.

We have in the past, and may in the future, consider divesting certain business operations. Divestitures may involve a number of risks, including the diversion of management’s attention, significant costs and expenses, the loss of customer relationships and cash flow, and the disruption of operations in the affected business. Failure to timely complete or to consummate a divestiture may negatively affect the valuation of the affected business or result in restructuring charges.

We could suffer significant business interruptions.

Our operations may be vulnerable to interruption by natural disasters such as earthquakes, tsunamis, typhoons, or floods, or other disasters such as fires, explosions, acts of terrorism or war, disease or failures of our management information or other systems. If a business interruption occurs, our business could be materially and adversely affected.

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Unfavorable tax law changes may adversely affect our financial results.

We are subject to income taxes in the U.S. and in various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings among countries with differing statutory tax rates or changes in the tax laws. We enjoy tax benefits and incentives in certain countries which are favorable to the company. If these tax benefits and incentives were reduced or eliminated, it could have an adverse effect on our financial results.

Our information technology (“IT”) systems could be breached.

We face certain security threats relating to the confidentiality and integrity of our IT systems. Despite implementation of security measures, our IT systems may be vulnerable to damage from computer viruses, cyber attacks and other unauthorized access and these security breaches could result in a disruption to our operations. A material network breach of our IT systems could involve the theft of our and our customers' intellectual property or trade secrets which may be used by competitors to develop competing products. To the extent that any security breach results in a loss or damage to data, or inappropriate disclosure of confidential or proprietary information, it could cause significant damage to our reputation, affect our customer relations, lead to claims against us, increase our costs to protect against future damage and could result in a material adverse effect on our business and financial position.

The SEC's annual disclosure and reporting requirements for those companies who use conflict minerals mined from the Democratic Republic of Congo (DRC) and adjoining countries may be difficult and costly to implement.

In August 2012, the SEC adopted annual disclosure and reporting requirements for those companies who use conflict minerals mined from the DRC and adjoining countries in their products. These new requirements will require due diligence efforts in fiscal 2013 and fiscal 2014, with initial disclosure requirements beginning in May 2014. There will be costs associated with complying with these disclosure requirements, including for diligence to determine the sources of conflict minerals used in our products. The implementation of these rules could adversely affect the sourcing, supply and pricing of materials used in our products.

Item 1B. Unresolved Staff Comments

None

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Item 2. Properties

We operate the following manufacturing and other facilities, all of which we believe to be in good condition and adequate to meet our current and reasonably anticipated needs:

Location	Use	Owned/ Leased	Approximate Square Footage
Chicago, Illinois	Corporate Headquarters	Owned	15,000
Automotive Segment:			
Monterrey, Mexico	Manufacturing	Leased	247,000
Mriehel, Malta	Manufacturing	Leased	226,000
Carthage, Illinois	Manufacturing	Owned	143,000
Shanghai, China	Manufacturing	Leased	75,500
McAllen, Texas	Warehousing	Leased	38,000
Cario, Egypt	Manufacturing	Leased	30,000
Zhenjiang, China	Manufacturing	Leased	19,200
Southfield, Michigan	Sales and Engineering Design Center	Owned	17,000
Bangalore, India	Engineering Design Center	Leased	11,900
Burnley, England	Engineering Design Center	Leased	5,900
Sin El Fil, Lebanon	Engineering Design Center	Leased	5,100
Gau-Algesheim, Germany	Sales and Engineering Design Center	Leased	4,000
Interconnect Segment:			
Shanghai, China	Manufacturing	Leased	49,000
Chicago, Illinois	Manufacturing	Owned	34,800
Mriehel, Malta	Manufacturing	Leased	32,500
Oklahoma City, Oklahoma	Manufacturing/Design Center	Leased	26,100
Richardson, Texas	Manufacturing	Leased	25,700
Laguna, Philippines	Manufacturing	Leased	22,800
Wheaton, Illinois	Manufacturing	Leased	22,500
Milan, Italy	Sales and Design	Leased	7,200
Harkingen, Switzerland	Manufacturing	Leased	4,200
Singapore	Sales and Administrative	Leased	1,300
Power Products Segment:			
Rolling Meadows, Illinois	Manufacturing	Owned	52,000
Mriehel, Malta	Manufacturing	Leased	40,700
Shanghai, China	Manufacturing	Leased	35,000
San Jose, California	Prototype and Design Center	Leased	13,000
Boulder, Colorado	Prototype and Design Center	Leased	9,700
Other Segment:			
Palatine, Illinois	Test Laboratory	Owned	27,000
Hunt Valley, Maryland	Test Laboratory	Owned	16,000
Chicago, Illinois	Manufacturing	Owned	10,000

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Item 3. Legal Proceedings

Other than as described below, as of April 27, 2013, we were not involved in any material legal proceedings or any legal proceedings or material administrative proceedings with governmental authorities pertaining to the discharge of materials into the environment or otherwise.

Delphi Settlement

In September 2012, the Company and various Delphi parties settled all Delphi related litigation matters. In addition to resolving all claims between the parties, the Company assigned certain patents to Delphi and entered into a non-compete with respect to the related technology. In exchange, the Company received a payment of $20.0 million, half of which was paid in October 2012 and half of which was paid in January 2013. The Company recorded the entire gain in the second quarter of fiscal 2013, in the income from settlement section of our consolidated statement of operations.

Executive Officers of the Registrant

Name	Age	Offices and Positions Held and Length of Service as Officer
Donald W. Duda	57	Chief Executive Officer of the Company since 2004. President and Director of the Company since 2001. Prior thereto Mr. Duda was Vice President-Interconnect Group since 2000. Prior thereto, Mr. Duda was with Amphenol Corporation through 1998 as General Manager of its Fiber Optic Products Division since 1988.
Douglas A. Koman	63	Chief Financial Officer of the Company since 2004. Vice President, Corporate Finance, of the Company since 2001. Prior thereto Mr. Koman was Assistant Vice President-Financial Analysis since 2000. Prior thereto, Mr. Koman was with Illinois Central Corporation through 2000 as Controller since 1997 and Treasurer since 1991.
Thomas D. Reynolds	50	Chief Operating Officer of the Company since June 2010. Senior Vice President, Worldwide Automotive Operations, of the Company since 2006. Vice President and General Manager, North American Automotive Operations, of the Company since October 2001. Prior thereto, Mr. Reynolds was with Donnelly Corporation through October 2001 as Senior Manager of Operations since 1999, and as Director of Transnational Business Unit from 1995 to 1999.
Timothy R. Glandon	49	Vice President and General Manager, North American Automotive, of the Company since 2006. Prior thereto, Mr. Glandon was General Manager of Automotive Safety Technologies since 2001. Prior thereto, Mr. Glandon was Vice President and General Manager with American Components, Inc. from 1996 to 2001.
Joseph. E. Khoury	49	Vice President and General Manager, European Automotive, of the Company since 2004. Prior thereto, Mr. Khoury was General Manager of Methode Electronics International, GMBH since 2000.
Theodore P. Kill	62	Vice President, Worldwide Automotive Sales, of the Company since 2006. Prior thereto, Mr. Kill was a principal with Kill and Associates from 2003 to 2006. Prior thereto, Mr. Kill was a principal with Kill and Bolton Associates from 1995 to

		2003.
Ronald L.G. Tsoumas	52	Controller and Treasurer of the Company since 2007. Prior thereto, Mr. Tsoumas was Assistant Controller of the Company since 1998.

All executive officers are elected by the Board of Directors and serve a term of one year or until their successors are duly elected and qualified.

Item 4. Mine Safety Disclosures

Not Applicable

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PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange. The following is a tabulation of high and low sales prices for the periods presented and cash dividends declared per share.

	Sales Price Per Share High	Low	Dividends Paid Per Share
Fiscal Year ended April 27, 2013			
First Quarter	$9.53	$6.94	$0.07
Second Quarter	10.71	8.64	0.07
Third Quarter	10.57	8.38	0.07
Fourth Quarter	14.95	9.56	0.07
Fiscal Year ended April 28, 2012			
First Quarter	$12.57	$9.84	$0.07
Second Quarter	10.72	7.03	0.07
Third Quarter	10.69	7.68	0.07
Fourth Quarter	10.79	8.17	0.07

On June 13, 2013, the Board of Directors declared a dividend of $0.07 per share of common stock, payable on July 26, 2013, to holders of record on July 12, 2013. As of June 18, 2013, the number of record holders of our common stock was 540.

Equity Compensation Plan Information

The following table provides information about shares of our common stock that may be issued upon exercise of stock options or granting of stock awards under all of the existing equity compensation plans as of April 27, 2013.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	1,210,585	$7.34	773,821
Equity compensation plans not approved by security holders	—	—	—
Total	1,210,585	$7.34	773,821

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and related notes included elsewhere in this report. The consolidated statement of operations data for fiscal 2013, 2012 and 2011, and the consolidated balance sheet data as of April 27, 2013 and April 28, 2012, are derived from, and are qualified by reference to, the Company's audited consolidated financial statements included elsewhere in this report. The consolidated statement of operations data for fiscal 2010 and 2009, and the consolidated balance sheet data as of April 30, 2011, May 3, 2010 and May 2, 2009, are derived from audited consolidated financial statements not included in this report.

	Fiscal Year Ended				
	April 27, 2013 (1)	April 28, 2012 (2)	April 30, 2011 (3)	May 1, 2010 (4)	May 2, 2009 (5)
	(In Millions, Except Percentages and Per Share Amounts)				
Income Statement Data:					
Net sales	$519.8	$465.1	$428.2	$377.6	$428.8
Income/(loss) before income taxes	38.0	11.4	14.5	7.8	(110.5)
Income tax expense/(benefit)	(2.5)	3.2	(4.1)	(6.0)	1.7
Income/(loss) from continuing operations	40.7	8.4	18.5	13.8	(112.1)
Income from discontinued operations, net of tax	—	—	0.6	—	—
Net income/(loss) applicable to Methode Electronics, Inc.	40.7	8.4	19.5	13.7	(112.5)
Per Common Share:					
Basic net income/(loss) from continuing operations	1.09	0.22	0.51	0.37	(3.05)
Basic net income from discontinued operations	—	—	0.02	—	—
Basic net income/(loss) applicable to Methode Electronics, Inc.	1.09	0.22	0.53	0.37	(3.05)
Diluted net income/(loss) from continuing operations	1.07	0.22	0.50	0.37	(3.05)
Diluted net income from discontinued operations	—	—	0.02	—	—
Diluted net income/(loss) applicable to Methode Electronics, Inc.	1.07	0.22	0.52	0.37	(3.05)
Dividends	0.28	0.28	0.28	0.28	0.26
Book Value	7.71	6.84	6.95	6.43	6.28
Long-term Debt	43.5	48.0	—	—	—
Retained Earnings	184.4	154.0	156.0	146.8	143.6
Fixed Assets (net)	98.4	77.2	61.5	61.9	69.9
Total Assets	434.9	403.6	334.7	310.8	305.3
Return on Average Equity	15.0%	3.3%	7.9%	6.0%	(37.2)%
Pre-tax Income/(loss) as a Percentage of Sales	7.3%	2.5%	3.4%	2.1%	(25.8)%
Net Income/(loss) as a Percentage of Sales	7.8%	1.8%	4.6%	3.6%	(26.2)%

(1) Fiscal 2013 includes $20.0 million of pre-tax income from the Delphi legal settlement. Fiscal 2013 also includes a pre-tax charge of $4.3 million related to the impairment of goodwill for our Eetrex reporting unit.
(2) Fiscal 2012 includes $3.7 million of pre-tax legal expense relating to the Delphi supply agreement and patent lawsuit.
(3) Fiscal 2011 results includes an after-tax gain on the sale of a business of $0.6 million. In addition, fiscal 2011 includes $4.8 million of pre-tax legal expense relating to the Delphi supply agreement and patent lawsuit.

(4) Fiscal 2010 results include a pre-tax charge of $7.8 million relating to restructuring activities. In addition, fiscal 2010 includes $5.8 million of pre-tax legal expense relating to the Delphi supply agreement and patent lawsuit. Income tax includes a $8.4 million loss carry-back benefit related to losses in our U.S.-based businesses.

(5) Fiscal 2009 results include a pre-tax charge of $94.4 million relating to goodwill and other asset impairments. In addition, fiscal 2009 results include a pre-tax charge of $25.3 million relating to restructuring activities. The income tax expense includes a $28.0 million valuation charge related to the uncertainty of the future realization of our deferred tax assets.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a global manufacturer of component and subsystem devices with manufacturing, design and testing facilities in China, Egypt, Germany, India, Italy, Lebanon, Malta, Mexico, the Philippines, Singapore, Switzerland, the United Kingdom and the United States. We design, manufacture and market devices employing electrical, radio remote control, electronic, wireless and sensing technologies. Our business is managed on a segment basis, with those segments being Automotive, Interconnect, Power Products and Other. For more information regarding the business and products of these segments, see "Item 1. Business."

Our components are found in the primary end markets of the aerospace, appliance, automotive, construction, consumer and industrial equipment, communications (including information processing and storage, networking equipment, wireless and terrestrial voice/data systems), rail and other transportation industries.

Delphi Settlement

In September 2012, the Company and various Delphi parties settled all Delphi related litigation matters. In addition to resolving all claims between the parties, the Company assigned certain patents to Delphi and entered into a non-compete with respect to the related technology. In exchange, the Company received a payment of $20.0 million, half of which was paid in October 2012 and half of which was paid in January 2013. The Company recorded the entire gain in the second quarter of fiscal 2013, in the income from settlement section of our consolidated statement of operations.

Recent Transactions

In September 2012, we acquired certain assets of Hetronic South Europe S.R.L. for $1.4 million in cash, as well as the forgiveness of debt owed to the Company of $1.3 million, for total consideration of $2.7 million. We operate this business under the name Hetronic Italy. The business, located in Milan, Italy, is a market leader in industrial safety radio remote controls, primarily serving the Italian market. The accounts and transactions of Hetronic Italy have been included in the Hetronic Group in the Interconnect segment in the consolidated financial statements from the effective date of the acquisition.

In September 2011, we acquired certain assets and liabilities of Nypro Monterrey, S. de R.L. (Nypro Monterrey) from Nypro Inc. for $6.4 million. We operate this injection molding and painting business under the name Advanced Molding and Decoration, S.A. de C.V. (AMD), and it has become a part of our existing Monterrey manufacturing campus and the Automotive segment. AMD operates a state-of-the-art facility, which provides us with high-quality injection molding, painting and decorating capabilities.

Results of Operations

Results of Operations for the Fiscal Year Ended April 27, 2013, as Compared to the Fiscal Year Ended April 28, 2012.

Consolidated Results

Below is a table summarizing results for the fiscal years ended:
(in millions)
("N/M" equals not meaningful)

	April 27, 2013	April 28, 2012	Net Change	Net Change
Net sales	$519.8	$465.1	$54.7	11.8 %
Cost of products sold	428.2	382.0	46.2	12.1 %
Gross margins	91.6	83.1	8.5	10.2 %
Impairment of goodwill	4.3	—	4.3	N/M
Income from settlement	(20.0)	—	(20.0)	N/M
Selling and administrative expenses	66.3	69.9	(3.6)	(5.2)%
Amortization of intangibles	1.8	1.8	—	— %
Interest income, net	—	(0.3)	0.3	(100.0)%
Other expense, net	1.3	0.3	1.0	333.3 %
Income tax (benefit)/expense	(2.5)	3.2	(5.7)	N/M
Net loss attributable to noncontrolling interest	(0.3)	(0.2)	(0.1)	50.0 %
Net income attributable to Methode Electronics, Inc.	$40.7	$8.4	$32.3	384.5 %

Percent of sales:	April 27, 2013	April 28, 2012
Net sales	100.0 %	100.0 %
Cost of products sold	82.4 %	82.1 %
Gross margins	17.6 %	17.9 %
Impairment of goodwill	0.8 %	— %
Income from settlement	(3.8)%	— %
Selling and administrative expenses	12.8 %	15.0 %
Amortization of intangibles	0.3 %	0.4 %
Interest income, net	— %	(0.1)%
Other expense, net	0.3 %	0.1 %
Income tax (benefit)/expense	(0.5)%	0.7 %
Net loss attributable to noncontrolling interest	(0.1)%	— %
Net income attributable to Methode Electronics, Inc.	7.8 %	1.8 %

Net Sales. Consolidated net sales increased $54.7 million, or 11.8%, to $519.8 million for the fiscal year ended April 27, 2013, from $465.1 million for the fiscal year ended April 28, 2012. The Automotive segment net sales increased $38.5 million, or 14.2%, to $310.1 million in fiscal 2013, from $271.6 million in fiscal 2012. The Interconnect segment net sales increased $12.5 million, or 9.8%, to $140.2 million in fiscal 2013, compared to $127.7 million in fiscal 2012. The Power Products segment net sales increased $0.7 million, or 1.3%, to $52.7 million in fiscal 2013, compared to $52.0 million in fiscal 2012. The Other segment net sales increased $2.8 million, or 20.1%, to $16.7 million in fiscal 2013, as compared to $13.9 million in fiscal 2012. Translation of foreign operations net sales for fiscal 2013 decreased reported net sales by $4.8 million or 0.8% compared to fiscal 2012, primarily due to the weakening of the Euro compared to the U.S. dollar.

Cost of Products Sold. Consolidated cost of products sold increased $46.2 million, or 12.1%, to $428.2 million in fiscal 2013, compared to $382.0 million in fiscal 2012. Consolidated cost of products sold as a percentage of sales was slightly higher at 82.4% in fiscal 2013, compared to 82.1% in fiscal 2012. In fiscal 2013, the Automotive segment experienced costs in North America for design, development, and engineering of $7.1 million related to a new program which launched in the first quarter of fiscal 2014. During fiscal 2012, our North American automotive operations experienced costs for design, development and engineering of $4.6 million for a program that launched in the third quarter of fiscal 2012, as well as the program which launched in the first quarter of fiscal 2014. In fiscal 2013, we recorded expenses of $1.1 million related to building disposal costs and severance at our North American automotive operation. In fiscal 2013 and fiscal 2012, our North American operations incurred third-party inspection costs, premium freight and over-time expenses related to the Ford Center Console Program of $2.0 million and $3.3 million, respectively. In fiscal 2013, the Interconnect segment experienced an increase in cost of products sold as a percentage of sales primarily related to delaying the launch of a white goods program from the second quarter to the fourth quarter. In addition, the Interconnect segment's cost of goods sold as a percentage of sales increased in fiscal 2013 due to increased development costs in our North American sensor business. The Power Products segment's cost of products sold as a percentage of net sales decreased primarily due to favorable sales mix at our Asian operations, partially offset by increased development costs at our North American operations. The Other segment's cost of products sold as a percentage of sales decreased primarily due to lower material costs due to a lower percentage of purchased content as well as increased manufacturing efficiencies from our torque-sensing business.

Gross Margins. Consolidated gross margins increased $8.5 million, or 10.2%, to $91.6 million in fiscal 2013, as compared to $83.1 million in fiscal 2012. Gross margins as a percentage of net sales decreased slightly to 17.6% in fiscal 2013, compared to 17.9% in fiscal 2012. Gross margins as a percentage of sales decreased primarily due to increased program and product launch costs in the Automotive segment. Gross margins were also negatively impacted by increased sales of automotive product that have higher material cost due to a higher percentage of purchased content as well as building disposal and severance costs. Gross margins were positively impacted in fiscal 2013 due to favorable adjustments for commodity pricing in the Automotive segment as well as lower third-party inspection costs, premium freight and over-time expenses related to the Ford Center Console Program. Gross margins were negatively impacted by manufacturing inefficiencies due to launch delays and development costs in the Interconnect segment. Gross margins were favorably impacted in the Power Products segment due to favorable sales mix and in our Other segment due to increased net sales and lower material costs in our torque-sensing business.

Impairment of Goodwill. As a result of our annual goodwill impairment testing, we determined that the fair value for one reporting unit was less than the carrying value of the unit's net assets and concluded that goodwill was impaired. We recorded a goodwill impairment charge of $4.3 million for our Eetrex reporting unit in our Power Products segment related to these assets.

Income From Settlement. In September 2012, the Company and various Delphi parties settled all Delphi related litigation matters. In addition to resolving all claims between the parties, the Company assigned certain patents to Delphi and entered into a non-compete with respect to the related technology. In exchange, the Company received a payment of $20.0 million, half of which was paid in October 2012 and half of which was paid in January 2013. The Company recorded the entire gain in the second quarter of fiscal 2013, in the income from settlement section of our consolidated statement of operations.

Selling and Administrative Expenses. Selling and administrative expenses decreased by $3.6 million, or 5.2%, to $66.3 million in fiscal 2013, compared to $69.9 million in fiscal 2012. Selling and administrative expenses as a percentage of net sales decreased to 12.8% in fiscal 2013 from 15.0% in fiscal 2012. In fiscal 2013, the Company reversed $1.1 million of various accruals related to a customer bankruptcy. Legal expenses decreased $2.1 million, to $3.9 million in fiscal 2013, compared to $6.0 million in fiscal 2012. Selling and administrative expenses also decreased in fiscal 2013 by $2.5 million due to lower stock-based compensation, lower headcount at our European and corporate offices, and lower advertising expenses. In fiscal 2013, bonus expense related to the tandem cash award component of our long-term incentive program increased by $2.1 million. See Note 4 for more information.

Amortization of Intangibles. Amortization of intangibles remained constant at $1.8 million for both fiscal 2013 and fiscal 2012.

Interest Income, Net. Interest income, net decreased $0.3 million to zero in fiscal 2013, compared to $0.3 million in fiscal 2012.

Other Expense, Net. Other expense, net increased $1.0 million to $1.3 million in fiscal 2013, compared to $0.3 million in fiscal 2012. Other expense, net included income of $0.4 million in fiscal 2012, related to life insurance policies in connection with an employee deferred compensation plan. Fiscal 2012 also includes a gain of $0.3 million related to the acquisition of Advanced Molding and Decoration. All other amounts for both fiscal 2013 and fiscal 2012, relate to currency rate fluctuations. The functional currencies of these operations are the British pound, Chinese yuan, Euro, Indian Rupee, Mexican peso, Singapore dollar and Swiss Franc. Some foreign operations have transactions denominated in currencies other than their functional currencies, primarily sales in U.S. dollars and Euros, creating exchange rate sensitivities.

Income Tax (Benefit)/Expense. Income tax (benefit)/expense increased to a benefit of $2.5 million in fiscal 2013, compared to an expense of $3.2 million in fiscal 2012. Fiscal 2013 includes income taxes on foreign profits of $6.1 million. In addition, fiscal 2013 includes a benefit of $8.6 million related to tax credits from our Malta facility. The income tax expense for fiscal 2012 relates to income taxes on foreign profits of $3.1 million and $2.0 million for foreign taxes on a foreign dividend. In addition, fiscal 2012 includes a benefit of $1.9 million related to tax credits from our Malta facility.

Net Income Attributable to Methode Electronics, Inc. Net income attributable to Methode Electronics, Inc. increased $32.3 million to $40.7 million in fiscal 2013, compared to $8.4 million in fiscal 2012. The increase is primarily due to income from the litigation settlement, higher sales volumes, lower legal expenses, one-time reversal of various accruals related to a customer bankruptcy and lower third-party inspection costs, premium freight and over-time expenses related to the Ford Center Console Program, partially offset with the impairment of goodwill, higher costs for design, development and engineering, building disposal and severance costs, increased bonus expense related to our long-term incentive program and higher currency translation costs.

Operating Segments

Automotive Segment Results

Below is a table summarizing results for the fiscal years ended:
(in millions)
("N/M" equals not meaningful)

	April 27, 2013	April 28, 2012	Net Change	Net Change
Net sales	$310.1	$271.6	$38.5	14.2 %
Cost of products sold	266.6	233.3	33.3	14.3 %
Gross margins	43.5	38.3	5.2	13.6 %
Income from settlement	(20.0)	—	(20.0)	N/M
Selling and administrative expenses	24.7	28.3	(3.6)	(12.7)%
Income from operations	$38.8	$10.0	$28.8	288.0 %

Percent of sales:	April 27, 2013	April 28, 2012
Net sales	100.0 %	100.0 %
Cost of products sold	86.0 %	85.9 %
Gross margins	14.0 %	14.1 %
Income from settlement	(6.4)%	— %
Selling and administrative expenses	8.0 %	10.4 %
Income from operations	12.5 %	3.7 %

Net Sales. Automotive segment net sales increased $38.5 million, or 14.2%, to $310.1 million in fiscal 2013, from $271.6 million in fiscal 2012. Net sales increased $26.2 million, or 37.5%, in North America, to $96.0 million in fiscal 2013, compared to $69.8 million in fiscal 2012, primarily due to increased sales for our Ford Center Console Program and our transmission lead-frame assembly. Net sales increased in Europe by $15.6 million, or 12.8%, to $137.8 million in fiscal 2013, compared to $122.2 million in fiscal 2012, primarily due to new launches for our hidden switch product lines. Net sales in Asia decreased $3.3 million, or 4.1%, to $76.3 million in fiscal 2013, compared to $79.6 million in fiscal 2012, primarily due to the planned partial transfer of some of the transmission lead-frame assembly product from our China facility to our Mexico facility. The transmission lead-frame assembly is now being manufactured at both facilities. Translation of foreign operations net sales for fiscal 2013 decreased reported net sales by $4.6 million, or 2.0%, compared to fiscal 2012, primarily due to the weakening of the Euro as compared to the U.S. dollar.

Cost of Products Sold. Automotive segment cost of products sold increased $33.3 million, or 14.3%, to $266.6 million in fiscal 2013, from $233.3 million in fiscal 2012. The Automotive segment cost of products sold as a percentage of sales was 86.0% for both fiscal 2013 and fiscal 2012. In fiscal 2013, the Automotive segment experienced costs for design, development, and engineering of $7.1 million at our North American facility, related to a program launched in the first quarter of fiscal 2014. During fiscal 2012, our North American operations experienced costs for design, development and engineering of $4.6 million for a program that launched in the third quarter of fiscal 2012, as well as the program launched in the first quarter of fiscal 2014. In both fiscal 2013 and fiscal 2012, our North American operations experienced third-party inspection costs, premium freight and over-time expenses related to the Ford Center Console Program of $2.0 million and $3.3 million, respectively. In fiscal 2013, we recorded expenses of $1.1 million related to building disposal and severance costs at our North American automotive operation.

Gross Margins. Automotive segment gross margins increased $5.2 million, or 13.6%, to $43.5 million in fiscal 2013, as compared to $38.3 million in fiscal 2012. The Automotive segment gross margins as a percentage of net sales were flat at 14.0% in both fiscal 2013 and fiscal 2012. Fiscal 2013 gross margins as a percentage of sales were flat which were impacted by increased program and product launch costs and increased sales of automotive product that have higher material cost due to the high percentage of purchased content as well as building disposal and severance costs but was offset by favorable adjustments for commodity pricing as well as lower third-party inspection costs, premium freight and over-time expenses related to the Ford Center Console Program.

Income From Settlement. In September 2012, the Company and various Delphi parties settled all Delphi related litigation matters. In addition to resolving all claims between the parties, the Company assigned certain patents to Delphi and entered into a non-compete with respect to the related technology. In exchange, the Company received a payment of $20.0 million, half of which was paid in October 2012 and half of which was paid in January 2013. The Company recorded the entire gain in the second quarter of fiscal 2013, in the income from settlement section of our consolidated statement of operations.

Selling and Administrative Expenses. Selling and administrative expenses decreased $3.6 million, or 12.7%, to $24.7 million in fiscal 2013, compared to $28.3 million in fiscal 2012. Selling and administrative expenses as a percentage of net sales were 8.0% in fiscal 2013 and 10.4% in fiscal 2012. In fiscal 2013, the Company reversed $1.1 million of various accruals related to a customer bankruptcy. Legal fees decreased $1.7 million, to $2.1 million in fiscal 2013, compared to $3.8 million in fiscal 2012. In addition, selling and administrative expenses were also lower by $0.8 million due to lower headcount from European operations in fiscal 2013, compared to fiscal 2012.

Income from Operations. Automotive segment income from operations increased $28.8 million to $38.8 million in fiscal 2013, compared to $10.0 million in fiscal 2012 due to income from the litigation settlement, increased sales, lower costs for third-party inspection, the favorable commodity pricing adjustments, lower legal and other selling and administrative expenses, partially offset with higher design, development and engineering expenses and building disposal and severance costs.

Interconnect Segment Results

Below is a table summarizing results for the fiscal years ended:
(in millions)

	April 27, 2013	April 28, 2012	Net Change	Net Change
Net sales	$140.2	$127.7	$12.5	9.8 %
Cost of products sold	103.4	91.5	11.9	13.0 %
Gross margins	36.8	36.2	0.6	1.7 %
Selling and administrative expenses	17.8	18.1	(0.3)	(1.7)%
Income from operations	$19.0	$18.1	$0.9	5.0 %

Percent of sales:	April 27, 2013	April 28, 2012
Net sales	100.0 %	100.0 %
Cost of products sold	73.8 %	71.7 %
Gross margins	26.2 %	28.3 %
Selling and administrative expenses	12.7 %	14.2 %
Income from operations	13.6 %	14.2 %

Net Sales. Interconnect segment net sales increased $12.5 million, or 9.8%, to $140.2 million in fiscal 2013, from $127.7 million in fiscal 2012. Net sales increased in North America by $18.0 million, or 20.7%, to $104.9 million in fiscal 2013, compared to $86.9 million in fiscal 2012, primarily due to stronger sales for data solution and white good products, partially offset with weaker radio remote control sales. Net sales in Europe decreased $2.5 million, or 10.2%, to $21.9 million in fiscal 2013, compared to $24.4 million in fiscal 2012, primarily due to weaker radio remote control and sensor sales. Net sales in Asia decreased $3.0 million, or 18.3%, to $13.4 million in fiscal 2013, compared to $16.4 million in fiscal 2012, primarily due to weaker sales of radio remote controls and certain legacy products resulting from the planned exit of a product line.

Cost of Products Sold. Interconnect segment cost of products sold increased $11.9 million, or 13.0%, to $103.4 million in fiscal 2013, compared to $91.5 million in fiscal 2012. Interconnect segment cost of products sold as a percentage of net sales increased to 73.8% in fiscal 2013, compared to 71.7% in fiscal 2012. The increase in cost of products sold as a percentage of net sales is primarily related to sales mix of white good products and manufacturing inefficiencies due to the delayed launch of a white goods program in the second quarter of fiscal 2013, which did launch in the fourth quarter. In addition, cost of goods sold as a percentage of sales increased in fiscal 2013 compared to fiscal 2012, due to increased development costs in our North American sensor business.

Gross Margins. Interconnect segment gross margins increased $0.6 million, or 1.7%, to $36.8 million in fiscal 2013, compared to $36.2 million in fiscal 2012. Gross margins as a percentage of net sales decreased to 26.2% in fiscal 2013, from 28.3% in fiscal 2012. The decrease in gross margins as a percentage of sales is primarily related to unfavorable sales mix of white good products and the white goods program launch delay. In addition, gross margins sold as a percentage of sales decreased in fiscal 2013 compared to fiscal 2012, due to increased development costs in our North American sensor business.

Selling and Administrative Expenses. Selling and administrative expenses decreased $0.3 million, or 1.7%, to $17.8 million in fiscal 2013, compared to $18.1 million in fiscal 2012. Selling and administrative expenses as a percentage of net sales decreased to 12.7% in fiscal 2013, from 14.2% in fiscal 2012. The decrease is primarily due to lower headcount and travel expense in fiscal 2013, compared to fiscal 2012.

Income from Operations. Interconnect segment income from operations increased $0.9 million, or 5.0%, to $19.0 million in fiscal 2013, compared to $18.1 million in fiscal 2012, primarily due to increased net sales, lower headcount and travel expenses, partially offset with increased costs for manufacturing inefficiencies due to launch delay and higher development costs.

Power Products Segment Results

Below is a table summarizing results for the fiscal years ended:
(in millions)
("N/M" equals not meaningful)

	April 27, 2013	April 28, 2012	Net Change	Net Change
Net sales	$52.7	$52.0	$0.7	1.3 %
Cost of products sold	43.6	43.4	0.2	0.5 %
Gross margins	9.1	8.6	0.5	5.8 %
Impairment of goodwill	4.3	—	4.3	N/M
Selling and administrative expenses	6.9	6.9	—	— %
Income/(loss) from operations	$(2.1)	$1.7	$(3.8)	(223.5)%

Percent of sales:	April 27, 2013	April 28, 2012
Net sales	100.0 %	100.0 %
Cost of products sold	82.7 %	83.5 %
Gross margins	17.3 %	16.5 %
Impairment of goodwill	8.2 %	— %
Selling and administrative expenses	13.1 %	13.3 %
Income/(loss) from operations	(4.0)%	3.3 %

Net Sales. Power Products segment net sales increased $0.7 million, or 1.3%, to $52.7 million in fiscal 2013, compared to $52.0 million in fiscal 2012. Net sales in North America were flat at $34.3 million for both fiscal 2013 and fiscal 2012. In fiscal 2013 we experienced lower demand for our busbar and heat sink products and higher demand for our cabling products. Net sales in Europe increased $1.2 million, or 54.5%, to $3.4 million in fiscal 2013, compared to $2.2 million in fiscal 2012 due to higher demand for busbar products. Net sales in Asia decreased $0.5 million, or 3.2%, to $15.0 million in fiscal 2013, compared to $15.5 million in fiscal 2012, due to lower demand for busbar products.

Cost of Products Sold. Power Products segment cost of products sold increased $0.2 million, or 0.5%, to $43.6 million in fiscal 2013, compared to $43.4 million in fiscal 2012. The Power Products segment cost of products sold as a percentage of sales decreased to 82.7% in fiscal 2013, from 83.5% in fiscal 2012. The decrease in cost of products sold as a percentage of sales is primarily due to favorable sales mix at our Asian operations, partially offset by increased development costs at our North American operations.

Gross Margins. Power Products segment gross margins increased $0.5 million, or 5.8%, to $9.1 million in fiscal 2013, compared to $8.6 million in fiscal 2012. Gross margins as a percentage of net sales increased to 17.3% in fiscal 2013 from 16.5% in fiscal 2012. The increase in gross margins as a percentage of sales is primarily due to favorable sales mix at our Asian operations, partially offset by increased development costs at our North American operations.

Impairment of Goodwill. As a result of our annual goodwill impairment testing, we determined that the fair value for our Eetrex reporting unit was less than the carrying value of the unit's net assets and concluded that goodwill was impaired. We recorded a goodwill impairment charge of $4.3 million related to these assets.

Selling and Administrative Expenses. Selling and administrative expenses were flat at $6.9 million for both fiscal 2013 and fiscal 2012. Selling and administrative expenses as a percentage of net sales decreased to 13.1% in fiscal 2013 from 13.3% in fiscal 2012, primarily due to higher net sales.

Income/(Loss) From Operations. Power Products segment income/(loss) from operations decreased $3.8 million to a loss of $2.1 million in fiscal 2013, compared to income of $1.7 million in fiscal 2012, due to the impairment of goodwill and increased development costs, partially offset with higher net sales and favorable sales mix.

Other Segment Results

Below is a table summarizing results for the fiscal years ended:
(in millions)
("N/M" equals not meaningful)

	April 27, 2013	April 28, 2012	Net Change	Net Change
Net sales	$16.7	$13.9	$2.8	20.1 %
Cost of products sold	10.6	10.4	0.2	1.9 %
Gross margins	6.1	3.5	2.6	74.3 %
Selling and administrative expenses	2.6	3.7	(1.1)	(29.7)%
Income/(loss) from operations	$3.5	$(0.2)	$3.7	N/M

Percent of sales:	April 27, 2013	April 28, 2012
Net sales	100.0 %	100.0 %
Cost of products sold	63.5 %	74.8 %
Gross margins	36.5 %	25.2 %
Selling and administrative expenses	15.6 %	26.6 %
Income/(loss) from operations	21.0 %	(1.4)%

Net Sales. The Other segment net sales increased $2.8 million, or 20.1%, to $16.7 million in fiscal 2013, compared to $13.9 million in fiscal 2012. Net sales from our torque-sensing business increased 37.7% in fiscal 2013, compared to fiscal 2012, primarily due to penetration in the e-bike and motorcycle markets. Net sales from our testing facilities decreased 2.6% in fiscal 2013, compared to fiscal 2012.

Cost of Products Sold. Other segment cost of products sold increased $0.2 million, or 1.9%, to $10.6 million in fiscal 2013, compared to $10.4 million in fiscal 2012. Cost of products sold as a percentage of net sales decreased to 63.5% in fiscal 2013, compared to 74.8% in fiscal 2012. The decrease in cost of products sold as a percentage of net sales is primarily due to lower material costs related to a lower percentage of purchased content and increased manufacturing efficiencies from our torque-sensing business.

Gross Margins. The Other segment gross margins increased $2.6 million, or 74.3%, to $6.1 million in fiscal 2013, compared to $3.5 million in fiscal 2012. Gross margins as a percentage of net sales increased to 36.5% in fiscal 2013, from 25.2% in fiscal 2012. The increase in gross margins as a percentage of sales is primarily due to decreased material costs and increased manufacturing efficiencies from our torque-sensing business.

Selling and Administrative Expenses. Selling and administrative expenses decreased $1.1 million, or 29.7%, to $2.6 million in fiscal 2013, compared to $3.7 million in fiscal 2012. Selling and administrative expenses as a percentage of net sales decreased to 15.6% in fiscal 2013, from 26.6% in fiscal 2012. Selling and administrative expenses decreased in fiscal 2013, compared to fiscal 2012, due to lower compensation, severance and legal expenses.

Income/(Loss) From Operations The Other segment income/(loss) from operations improved $3.7 million to income of $3.5 million in fiscal 2013, compared to a loss of $0.2 million in fiscal 2012. The increase was primarily due to increased sales, lower material costs, increased manufacturing efficiencies from our torque-sensing business and lower selling and administrative expenses.

Results of Operations for the Fiscal Year Ended April 28, 2012, as Compared to the Fiscal Year Ended April 30, 2011.

Consolidated Results

Below is a table summarizing results for the fiscal years ended:
(in millions)
("N/M" equals not meaningful)

	April 28, 2012	April 30, 2011	Net Change	Net Change
Net sales	$465.1	$428.2	$36.9	8.6 %
Cost of products sold	382.0	339.0	43.0	12.7 %
Gross margins	83.1	89.2	(6.1)	(6.8)%
Selling and administrative expenses	69.9	70.8	(0.9)	(1.3)%
Amortization of intangibles	1.8	2.4	(0.6)	(25.0)%
Interest (income)/expense, net	(0.3)	0.2	(0.5)	(100.0)%
Other expense, net	0.3	1.3	(1.0)	(76.9)%
Income tax (benefit)/expense	3.2	(4.1)	7.3	N/M
Gain on sale of discontinued business, net of tax	—	(0.6)	0.6	N/M
Net loss attributable to noncontrolling interest	(0.2)	(0.3)	0.1	50.0 %
Net income attributable to Methode Electronics, Inc.	$8.4	$19.5	$(11.1)	(56.9)%

Percent of sales:	April 28, 2012	April 30, 2011
Net sales	100.0 %	100.0 %
Cost of products sold	82.1 %	79.2 %
Gross margins	17.9 %	20.8 %
Selling and administrative expenses	15.0 %	16.5 %
Amortization of intangibles	0.4 %	0.6 %
Interest (income)/expense, net	(0.1)%	— %
Other expense, net	0.1 %	0.3 %
Income tax (benefit)/expense	0.7 %	(1.0)%
Gain on sale of discontinued business, net of tax	— %	(0.1)%
Net loss attributable to noncontrolling interest	— %	(0.1)%
Net income attributable to Methode Electronics, Inc.	1.8 %	4.6 %

Net Sales. Consolidated net sales increased $36.9 million, or 8.6%, to $465.1 million for fiscal 2012, from $428.2 million for fiscal 2011. The Automotive segment net sales increased $45.6 million, or 20.2%, to $271.6 million for fiscal 2012, from $226.0 million for fiscal 2011. The Interconnect segment net sales decreased $11.1 million, or 8.0%, to $127.7 million for fiscal 2012, compared to $138.8 million for fiscal 2011. The Power Products segment net sales increased $1.6 million, or 3.2%, to $52.0 million for fiscal 2012, as compared to $50.4 million for fiscal 2011. The Other segment net sales increased $0.9 million, or 6.9%, to $13.9 million for fiscal 2012, compared to $13.0 million for fiscal 2011. Translation of foreign operations net sales for fiscal 2012 increased reported net sales by $2.3 million or 0.5% due to average currency rates in fiscal 2012, compared to the average currency rates in fiscal 2011.

Cost of Products Sold. Consolidated cost of products sold increased $43.0 million, or 12.7%, to $382.0 million for fiscal 2012, compared to $339.0 million for fiscal 2011. Consolidated cost of products sold as a percentage of sales were 82.1% for fiscal 2012, compared to 79.2% for fiscal 2011. In fiscal 2012, the Automotive segment experienced design, development, engineering and launch costs of $4.6 million, compared to $1.2 million in fiscal 2011 related to a program that launched in fiscal 2012 and new program that will not launch until the later part of fiscal 2013. In addition, this segment incurred costs of $3.3 million related to a vendor's production and delivery issues, compared to $2.3 million in fiscal 2011. The Power Products segment reported costs of $2.4 million for new product development for fiscal 2012, compared to $1.9 million for fiscal 2011. Fiscal 2011 includes a charge of $1.3 million in our Automotive segment for negotiated program termination costs for certain products manufactured in our Malta automotive facility, as well as an inventory and equipment charge of $0.4 million relating to the customer cancellation of certain products manufactured in the U.S. in our Power Products segment.

Gross Margins. Consolidated gross margins decreased $6.1 million, or 6.8%, to $83.1 million for fiscal 2012, as compared to $89.2 million for fiscal 2011. Gross margins as a percentage of net sales were 17.9% for fiscal 2012, compared to 20.8% for fiscal 2011. Gross margins as a percentage of sales decreased primarily due to new program and product launch costs and increased costs related to a vendor's production and delivery issues. In addition, gross margins were negatively impacted by increased sales of automotive product that has higher material cost due to the current high percentage of purchased content. Gross margins were negatively impacted in fiscal 2011 for negotiated program termination costs for certain products as well as costs associated with the customer cancellation of certain products.

Selling and Administrative Expenses. Selling and administrative expenses decreased by $0.9 million, or 1.3%, to $69.9 million for fiscal 2012, compared to $70.8 million for fiscal 2011. During fiscal 2011, we recorded an expense of $2.1 million for litigation regarding unsecured claims sold to Blue Angel LLC, related to the Delphi bankruptcy. Stock award amortization expense increased by $1.0 million, to $4.0 million for fiscal 2012, compared with $3.0 million for fiscal 2011. Selling and administrative expenses increased $1.2 million in fiscal 2012 due to the acquisitions of Eetrex and AMD. Legal expenses decreased $0.7 million, to $6.0 million for fiscal 2012, compared to $6.7 million in fiscal 2011, primarily due to lower Delphi litigation expenses, partially offset with legal expenses related to the AMD acquisition. Fiscal 2011 includes income of $0.5 million received for grants at one of our Malta facilities. Selling and administrative expenses as a percentage of net sales decreased to 15.0% for fiscal 2012 from 16.5% for fiscal 2011.

Amortization of Intangibles. Amortization of intangibles decreased $0.6 million, or 25.0%, to $1.8 million for fiscal 2012, compared to $2.4 million for fiscal 2011. The decrease is primarily due to certain intangible assets that became fully amortized by the end of fiscal 2011.

Interest (Income)/Expense, Net. Interest (income)/expense, net was income of $0.3 million for fiscal 2012, compared to an expense of $0.2 million for fiscal 2011.

Other Expense, Net. Other expense, net decreased $1.0 million, or 76.9%, to $0.3 million for fiscal 2012, as compared to $1.3 million for fiscal 2011. Other income included income of $0.4 million and $1.2 million for fiscal 2012 and fiscal 2011, respectively, related to life insurance policies in connection with an employee deferred compensation plan. Fiscal 2012 includes a gain of $0.3 million related to the acquisition of AMD. All other amounts for both periods relate to expenses for currency rate fluctuations. The functional currencies of our international operations are the British pound, Chinese yuan, Euro, Indian rupee, Mexican peso, Singapore dollar and Swiss franc. Some foreign operations have transactions denominated in currencies other than their functional currencies, primarily sales in U.S. dollars and Euros, creating exchange rate sensitivities.

Income Tax (Benefit)/Expense. Income tax (benefit)/expense increased by $7.3 million to an expense of $3.2 million for fiscal 2012, compared to a benefit of $4.1 million for fiscal 2011. The income tax expense for fiscal 2012 relates to income taxes on foreign profits of $3.1 million and $2.0 million for foreign taxes on a foreign dividend. In addition, fiscal 2012 includes a benefit of $1.9 million related to tax credits from our Malta facility. Fiscal 2011 includes a benefit for an intraperiod tax allocation related to the sale of Optokon of $3.5 million and a benefit of $2.7 million related to the expiration of uncertain tax positions and interest from prior periods, partially offset by a net income tax expense on foreign profits of $2.1 million.

Gain on the Sale of Discontinued Business, Net of Tax. In March 2011, we sold our 75% ownership in Optokon, to the minority shareholder for $10.0 million. The net assets of our 75% ownership had a book value of $9.9 million. We recorded a gain of $4.1 million for sale of the net assets, primarily attributable to the cumulative translation gains since the date of the initial investment. We also recorded income taxes related to the sale of $3.5 million, resulting in a gain net after tax of $0.6 million. The tax expense was based on the amount sold of $10.0 million less our initial investment of $1.2 million, resulting in a taxable gain of $8.8 million. In the sale, we received $5.9 million in cash as well as a collateralized note for $4.1 million.

Net Income Attributable to Methode Electronics, Inc. Net income attributable to Methode Electronics, Inc. decreased $11.1 million, to $8.4 million for fiscal 2012, compared to $19.5 million for fiscal 2011. The decrease is primarily due to the higher expenses for new product development and product launches, increased stock award amortization expense, increased costs related to a vendor's production and delivery issues, higher tax expense, higher selling and administrative expenses due to acquisitions, the absence of a grant from our Malta facility and lower life insurance proceeds and the gain on the sale of the Optokon business in fiscal 2011, partially offset by higher sales, lower legal expenses and the absence of expense for Blue Angel claims and the absence of negotiated cancellation costs and inventory charges.

Operating Segments

Automotive Segment Results

Below is a table summarizing results for the fiscal years ended:
(in millions)

	April 28, 2012	April 30, 2011	Net Change	Net Change
Net sales	$271.6	$226.0	$45.6	20.2 %
Cost of products sold	233.3	186.3	47.0	25.2 %
Gross margins	38.3	39.7	(1.4)	(3.5)%
Selling and administrative expenses	28.3	26.4	1.9	7.2 %
Income from operations	$10.0	$13.3	$(3.3)	(24.8)%

Percent of sales:	April 28, 2012	April 30, 2011
Net sales	100.0 %	100.0 %
Cost of products sold	85.9 %	82.4 %
Gross margins	14.1 %	17.6 %
Selling and administrative expenses	10.4 %	11.7 %
Income from operations	3.7 %	5.9 %

Net Sales. Automotive segment net sales increased $45.6 million, or 20.2%, to $271.6 million for fiscal 2012, from $226.0 million for fiscal 2011. Net sales increased in North America, Europe and Asia by 108.5%, 5.2% and 3.4%, respectively. The increase in North America is primarily due to increased sales for our Ford Center Console Program and transmission lead-frame assembly as well as sales from the AMD business acquired in September 2011. The increase in Asia is due to increases in our transmission lead-frame and steering angle sensor products and the increase in Europe is primarily due to currency fluctuations. Translation of foreign operations net sales for fiscal 2012 increased reported net sales by $2.1 million, or 0.8%, due to average currency rates in fiscal 2012, compared to the average currency rates in fiscal 2011.

Cost of Products Sold. Automotive segment cost of products sold increased $47.0 million, or 25.2%, to $233.3 million in fiscal 2012, from $186.3 million in fiscal 2011. The Automotive segment cost of products sold as a percentage of sales were 85.9% in fiscal 2012, compared to 82.4% in fiscal 2011. In fiscal 2012, the Automotive segment experienced design, development, engineering and launch costs of $4.6 million, compared to $1.2 million in fiscal 2011 related to a program that launched in fiscal 2012 and new program that will not launch until the later part of fiscal 2013. In addition, our North American operations experienced costs of $3.3 million related to a vendor's production and delivery issues, compared to $2.3 million in fiscal 2011. The increase in costs of products sold as a percentage of sales was also affected by increased sales of product that has a higher material cost due to the current high percentage of purchased content. Fiscal 2011 includes a charge of $1.3 million for negotiated program termination costs for certain products manufactured in our Malta facility.

Gross Margins. Automotive segment gross margins decreased $1.4 million, or 3.5%, to $38.3 million in fiscal 2012, as compared to $39.7 million in fiscal 2011. The Automotive segment gross margins as a percentage of net sales were 14.1% in fiscal 2012, as compared to 17.6% in fiscal 2011. Gross margins as a percentage of sales decreased in fiscal 2012, compared to fiscal 2011, due to the design, development, engineering and launch costs related to new programs and new product launches, as well as increased costs related to a vendor's production and delivery issues. In addition, gross margins were negatively impacted in fiscal 2012 by increased sales of product that has higher material cost due to the current high percentage of purchased content. The gross margins in fiscal 2011 were negatively impacted by the negotiated program termination costs.

Selling and Administrative Expenses. Selling and administrative expenses increased $1.9 million, or 7.2%, to $28.3 million in fiscal 2012, compared to $26.4 million in fiscal 2011. During fiscal 2011, we recorded an expense of $2.1 million for litigation regarding unsecured claims sold to Blue Angel LLC, related to the Delphi bankruptcy. Selling and administrative expenses increased $1.2 million in fiscal 2012 due to the acquisition of AMD. In addition, selling and administrative expenses increased by $1.3 million in fiscal 2012 due to additional support staff needed for the development of products not expected to begin production until the later part of fiscal 2013. Legal expenses decreased $0.7 million, to $6.0 million in fiscal 2012, compared to $6.7 million in fiscal 2011, primarily due to lower Delphi litigation expenses, partially offset with legal expenses related to the AMD acquisition. Selling and administrative expenses as a percentage of net sales were 10.4% in fiscal 2012 and 11.7% in fiscal 2011.

Income from Operations. Automotive segment income from operations decreased $3.3 million, or 24.8%, to $10.0 million in fiscal 2012, compared to $13.3 million in fiscal 2011 due to increased expenses related to new programs and new product launches, increased costs related to a vendor's production and delivery issues, partially offset with higher sales volumes and lower legal expenses and the absence of an expense for litigation regarding the Blue Angel dispute.

Interconnect Segment Results

Below is a table summarizing results for the fiscal years ended:
(in millions)

	April 28, 2012	April 30, 2011	Net Change	Net Change
Net sales	$127.7	$138.8	$(11.1)	(8.0)%
Cost of products sold	91.5	96.8	(5.3)	(5.5)%
Gross margins	36.2	42.0	(5.8)	(13.8)%
Selling and administrative expenses	18.1	22.0	(3.9)	(17.7)%
Income from operations	$18.1	$20.0	$(1.9)	(9.5)%

Percent of sales:	April 28, 2012	April 30, 2011
Net sales	100.0%	100.0%
Cost of products sold	71.7%	69.7%
Gross margins	28.3%	30.3%
Selling and administrative expenses	14.2%	15.9%
Income from operations	14.2%	14.4%

Net Sales. Interconnect segment net sales decreased $11.1 million, or 8.0%, to $127.7 million in fiscal 2012, from $138.8 million in fiscal 2011. Net sales decreased 5.9% in North America primarily due to weak sales for white goods and interface solutions products, partially offset by stronger sales for data and radio remote control devices. Net sales in Europe decreased 16.4% primarily due to no optical sales in fiscal 2012, due to the sale of the optical business in the fourth quarter of fiscal 2011, partially offset by higher sales for data and radio remote control devices. Net sales in Asia decreased 4.2% primarily due to lower sales for legacy products resulting from the planned exit of a product line.

Cost of Products Sold. Interconnect segment cost of products sold decreased $5.3 million, or 5.5%, to $91.5 million in fiscal 2012, compared to $96.8 million in fiscal 2011. Interconnect segment cost of products sold as a percentage of net sales increased to 71.7% in fiscal 2012, compared to 69.7% in fiscal 2011. The increase in cost of products sold as a percentage of sales is primarily due to lower sales volumes for white goods and interface solutions products.

Gross Margins. Interconnect segment gross margins decreased $5.8 million, or 13.8%, to $36.2 million in fiscal 2012, compared to $42.0 million in fiscal 2011. Gross margins as a percentage of net sales decreased to 28.3% in fiscal 2012, from

30.3% in fiscal 2011. The decrease in gross margins as a percentage of net sales primarily relates to lower sales volumes for white goods and interface solutions products.

Selling and Administrative Expenses. Selling and administrative expenses decreased $3.9 million, or 17.7%, to $18.1 million in fiscal 2012, compared to $22.0 million in fiscal 2011. Selling and administrative expenses decreased due to no selling and administrative expenses for our optical business, as well as lower salary and bonus expenses for our sensor business. Selling and administrative expenses as a percentage of net sales decreased to 14.2% in fiscal 2012, from 15.9% in fiscal 2011.

Income from Operations. Interconnect segment income from operations decreased $1.9 million, or 9.5%, to $18.1 million in fiscal 2012, compared to $20.0 million in fiscal 2011 primarily due to lower sales of white goods products, partially offset with lower other selling and administrative expenses.

Power Products Segment Results

Below is a table summarizing results for the fiscal years ended:
(in millions)

	April 28, 2012	April 30, 2011	Net Change		Net Change	
Net sales	$52.0	$50.4	$1.6		3.2	%
Cost of products sold	43.4	39.8	3.6		9.0	%
Gross margins	8.6	10.6	(2.0	)	(18.9	)%
Selling and administrative expenses	6.9	7.0	(0.1	)	(1.4	)%
Income from operations	$1.7	$3.6	$(1.9	)	(52.8	)%

Percent of sales:	April 28, 2012		April 30, 2011	
Net sales	100.0	%	100.0	%
Cost of products sold	83.5	%	79.0	%
Gross margins	16.5	%	21.0	%
Selling and administrative expenses	13.3	%	13.9	%
Income from operations	3.3	%	7.1	%

Net Sales. Power Products segment net sales increased $1.6 million, or 3.2%, to $52.0 million in fiscal 2012, compared to $50.4 million in fiscal 2011. Net sales increased by 4.1% in North America and by 3.8% in Asia, driven primarily by higher demand for our busbar products. Europe decreased by 13.8% due to lower demand for busbar products.

Cost of Products Sold. Power Products segment cost of products sold increased $3.6 million, or 9.0%, to $43.4 million in fiscal 2012, compared to $39.8 million in fiscal 2011. The Power Products segment cost of products sold as a percentage of sales increased to 83.5% in fiscal 2012, from 79.0% in fiscal 2011. The increase in cost of products sold as a percentage of sales is primarily due to unfavorable product mix for our North American cabling business, as well as increased costs for product development in North America. The product development costs were $2.4 million in fiscal 2012, compared to $1.9 million in fiscal 2011. Fiscal 2011 includes an inventory and equipment write-down charge of $0.4 million relating to a customer cancellation of certain products manufactured in our U.S. facility.

Gross Margins. Power Products segment gross margins decreased $2.0 million, or 18.9%, to $8.6 million in fiscal 2012, compared to $10.6 million in fiscal 2011. Gross margins as a percentage of net sales decreased to 16.5% in fiscal 2012, from 21.0% in fiscal 2011. The decrease in gross margins as a percentage of sales is primarily due to unfavorable product mix from our North American cabling business, as well as increased costs for product development in North America.

Selling and Administrative Expenses. Selling and administrative expenses decreased $0.1 million, or 1.4%, to $6.9 million in fiscal 2012, compared to $7.0 million in fiscal 2011. Selling and administrative expenses decreased due to lower salary and bonuses in the North American businesses, partially offset with new product development in North America as well as selling and administrative expenses related to the Eetrex business. Selling and administrative expenses as a percentage of net sales decreased slightly to 13.3% in fiscal 2012 from 13.9% in fiscal 2011.

Income From Operations. Power Products segment income from operations decreased $1.9 million, or 52.8%, to $1.7 million in fiscal 2012, compared to $3.6 million in fiscal 2011, due to unfavorable product mix from our North American cabling business, increased expenses for new product development, partially offset by higher sales and absence of a customer cancellation charge.

Other Segment Results

Below is a table summarizing results for the fiscal years ended:
(in millions)

	April 28, 2012	April 30, 2011	Net Change	Net Change
Net sales	$13.9	$13.0	$0.9	6.9 %
Cost of products sold	10.4	12.0	(1.6)	(13.3)%
Gross margins	3.5	1.0	2.5	250.0 %
Selling and administrative expenses	3.7	3.0	0.7	23.3 %
Loss from operations	$(0.2)	$(2.0)	$1.8	(90.0)%

Percent of sales:	April 28, 2012	April 30, 2011
Net sales	100.0 %	100.0 %
Cost of products sold	74.8 %	92.3 %
Gross margins	25.2 %	7.7 %